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June 18, 2008

**AGENDA ITEM 4b**

**TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE**

- I. SUBJECT:** Approval of 2009 Association Plans Benefits and Rates
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Staff recommends the Committee approve the proposed 2009 rates for the California Association of Highway Patrolmen Health Benefits Trust, the California Correctional Peace Officers' Association Benefit Trust Fund, and the Peace Officers' Research Association of California Insurance and Benefits Trust.

**IV. BACKGROUND:**

The CalPERS Health Benefits Committee annually reviews and approves the rate and benefit proposals for the three association plans offered to certain CalPERS members in addition to CalPERS-contracted Health Maintenance Organizations (HMOs) and self-funded plans. The California Association of Highway Patrolmen (CAHP), the California Correctional Peace Officers' Association (CCPOA), and the Peace Officers' Research Association of California (PORAC) offer these plans exclusively to the members of these associations.

Government Code section 22850 subdivision (g) gives the Board the authority to approve Association Plan rates:

The board shall approve any employee association health benefit plan that was approved by the board in the 1987-88 contract year or prior, provided the plan continues to meet the minimum standards prescribed by the board.

## **V. ANALYSIS:**

As of May 1, 2008, the three association plans have a combined enrollment of 82,001 total covered lives, representing approximately 6.5% of the CalPERS total enrollment (as compared to 6.1% in May 2007). The total covered lives for each plan are:

- CAHP 28,281
- CCPOA 34,511
- PORAC 19,209

The associations are responsible for ensuring that their proposed 2009 rate and benefit changes are appropriate and that their reserve funds are adequate for the continued operation of these health plans.

### California Association of Highway Patrolmen (CAHP) Health Benefits Trust

The CAHP health plan is a self-insured Preferred Provider Organization (PPO) plan, administered by Anthem Blue Cross of California.

The CAHP Health Benefits Trust Board of Trustees has approved a zero percent increase in the Basic and Supplement to Medicare plans (see Attachment 1).

Benefit changes to the CAHP-HBT Basic plan include an increase in the “routine physical” benefit from \$300 to \$400 per year.

Service area changes to the CAHP-BHT Basic and Supplement to Medicare Plans include significant reduction and/or elimination of the preferred provider network in the Reno, NV area during the 2009 plan year.

The Trust will continue to subsidize members’ monthly out-of-pocket costs for 2009. The Board of Trustees will determine the amount of the subsidy at a later date.

### California Correctional Peace Officers’ Association (CCPOA) Benefit Trust Fund

The CCPOA health plan is a fully-insured HMO plan with Blue Shield of California as the carrier.

For the northern region, CCPOA’s Board of Trustees has approved a 9.33 percent increase for the Basic plan and a -1.38 percent decrease for the Medicare plan (see Attachment 1).

For the southern region, CCPOA’s Board of Trustees has approved a 9.27 percent increase for the Basic plan and a -1.33 percent decrease for the Medicare plan (see Attachment 1).

These rates reflect the CCPOA Medical Plan enrolling in a qualified Prescription Drug Plan (PDP) with the Centers for Medicare and Medicaid Services (CMS).

Benefit changes proposed by CCPOA for 2009 include:

- reduced preventive care services co-payment from \$15 to \$0 (including periodic health exam, well baby care, well woman gynecological exam, immunization/inoculation, vision screening, and hearing exam/testing)
- reduced physician service co-payment for allergy testing/treatment and pre- and post-natal office visits from \$15 to \$0
- increased number of allowed outpatient substance abuse visits (combined with non-severe mental health visits) from 20 to 40
- adjusted non-preventive co-payment from \$10 to \$15 (which includes home visits, home health, biofeedback, audiological evaluation, outpatient substance abuse, and chiropractic visits)

CCPOA also proposes the following service area change for 2009:

- The CCPOA Medical Plan will not be offered in Napa County beginning January 1, 2009.

Peace Officers' Research Association of California (PORAC) Insurance and Benefits Trust

The PORAC health plan is a fully-insured PPO plan, provided by Anthem Blue Cross of California. The PORAC Insurance and Benefits Trust has approved a 6.98 percent increase in the Basic plan and a 7.06 percent increase in the Medicare plan (see Attachment 1).

There are no benefit changes proposed for PORAC for 2009.

**VI. STAFF RECOMMENDATION**

Staff recommends the Committee approve the proposed 2009 rates for the California Association of Highway Patrolmen Health Benefits Trust, the California Correctional Peace Officers' Association Benefit Trust Fund, and the Peace Officers' Research Association of California Insurance and Benefits Trust.

**VII. STRATEGIC PLAN:**

This item supports the CalPERS Strategic Plan Goal X, which states: "Develop and administer quality, sustainable benefit programs that are responsive to, and valued by, enrollees and employers."

**VII. RESULTS/COSTS:**

The CalPERS costs associated with this item are included in the annual budget of the Health Benefits Branch.

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Health Policy and Program Support

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Attachment